



**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 118C/83**

22ND AUGUST, 1983

*OPS cc MATTER
SUBJECT: OVERSEAS AND
Policy #3*

DEAR MADAM PRIME MINISTER,

THE CURRENT SITUATION FACING IDA

IN MARCH, 1982 I WROTE TO YOU REGARDING THE SITUATION OF IDA. I AM ONCE AGAIN COMPELLED TO WRITE ON THIS MATTER WHICH IS OF CRITICAL IMPORTANCE FOR THE DEVELOPING COUNTRIES, AND FOR THOSE IN AFRICA, IN PARTICULAR.

AS YOU KNOW, IDA IS THE PRIMARY SOURCE OF CONCESSIONAL FINANCING FOR THE WORLD'S POOREST COUNTRIES AND IS A KEY ELEMENT IN THE MULTILATERAL ASSISTANCE FRAMEWORK, ESPECIALLY IN AFRICA WHERE IT IS THE MAJOR SOURCE OF SUCH FINANCING AND AN INDISPENSABLE FACTOR FOR STABILITY AND PROGRESS IN THE REGION. FURTHERMORE, IDA HAS DEMONSTRATED A UNIQUE ABILITY TO PROVIDE POLICY ADVICE AND TO PROMOTE MORE EFFICIENT SECTOR AND PROJECT MANAGEMENT IN THE RECIPIENT COUNTRIES.

THE PROLONGED GLOBAL RECESSION HAS CAUSED COMMODITY PRICES TO FALL TO THEIR LOWEST LEVEL IN THIRTY YEARS, OVERSEAS DEVELOPMENT AID FLOWS TO STAGNATE AND EXPORT VOLUMES TO CONTRACT. THESE FACTORS HAVE SERIOUSLY DAMAGED THE ECONOMIES OF THE IDA RECIPIENTS. IT IS, INDEED, A STARK FACT THAT REAL PER CAPITA INCOMES IN MANY COUNTRIES OF AFRICA IN 1982 WERE BELOW THE LEVEL OF THE EARLY 1960s.

THE GROWTH PROPECTS FOR THE POOREST COUNTRIES ARE NOT FAVOURABLE FOR THE REST OF THE EIGHTIES, BUT, UNLESS ADDITIONAL CONCESSIONAL FINANCING SUCH AS IDA PROVIDES COULD BE SECURED, IT COULD WELL BE THAT THERE WOULD BE NO GROWTH, NO PROGRESS WHATSOEVER IN THE 1980s. SUCH A CONSEQUENCE WOULD BE TRAGIC AND WOULD INVOLVE HIGH COSTS IN TERMS OF ECONOMIC AND POLITICAL DEVELOPMENTS AND OF HUMAN SUFFERING.



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IT IS ESSENTIAL, THEREFORE, THAT IDA'S SIXTH REPLENISHMENT, WHICH HAS BEEN EXTENDED FROM THE PLANNED THREE YEARS TO FOUR, BE COMPLETED AS SCHEDULED, SO THAT THE SEVENTH REPLENISHMENT BEGINS IN JULY 1984, AND THAT THE REPLENISHMENT LEVEL BE SET AT A MINIMUM OF US\$16 BILLION. THIS WOULD REPRESENT A SLIGHT INCREASE IN REAL TERMS AS COMPARED WITH THE US\$12 BILLION AGREED TO IN 1979 FOR THE SIXTH REPLENISHMENT. IT WOULD, HOWEVER, ENTAIL A 44 PERCENT REDUCTION IN REAL PER CAPITA LENDING COMPARED WITH 1980.

THE CASE FOR CONCESSIONAL LENDING AT THE LEVELS INDICATED IS CLEAR. THE CONSEQUENCES OF NOT ACHIEVING THESE LEVELS ARE BOTH OBVIOUS AND HORRENDOUS. IT IS ONLY THROUGH YOUR COOPERATION AND COMMITMENT THAT THESE CONSEQUENCES COULD BE AVERTED.

I AM THEREFORE APPEALING TO YOUR EXCELLENCY FOR YOUR GOVERNMENT'S ADDITIONAL SUPPORT FOR THIS PROGRAMME, WHICH MEANS SO MUCH TO THE POOR COUNTRIES OF THE WORLD.

YOURS SINCERELY,

(DANIEL T. ARAP MOI)
PRESIDENT OF THE REPUBLIC OF KENYA

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